

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-04 ARA-06 EUR-12 ISO-00 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-05

INT-05 L-02 LAB-01 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 SWF-01 /093 R

DRAFTED BY EB/ICD:JJINGERSOLL:DA

APPROVED BY EB/ICD:JJINGERSOLL

ARA/CAR:DCNORTON

CIEP:WEBERLE

EB/OIA:DSTEBBING (INFO)

EB:JLKATZ

EB/OT/TA:TGEWECKE

ARA/ECP:MDAVILIA (SUBS)

STR:JDONALDSON

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P R 292235Z NOV 74

FM SECSTATE WASHDC

TO AMEMBASSY KINGSTON PRIORITY

INFO AMEMBASSY PORT AU PRINCE

AMEMBASSY SANTO DOMINGO

AMEMBASSY GEORGETOWN

AMEMBASSY CONAKRY

AMCONSUL PARAMARIBO

AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMEMBASSY MEXICO

AMEMBASSY LONDON

AMEMBASSY CARACAS

AMEMBASSY SANTIAGO

AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: ETRD, JM

SUBJECT: EBERLE INTERVIEW IN WASHINGTON STAR-NEWS

REF: KINGSTON 4252 (NOTAL)

1. WASHINGTON STAR-NEWS NOVEMBER 25 CARRIED REPORT BY STAFF WRITER LEE M. COHN BASED IN PART ON A NOVEMBER 13 INTERVIEW WITH U.S. SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS WILLIAM D. EBERLE BUT WITH NUMEROUS QUOTES FROM EBERLE'S SEPTEMBER TESTIMONY BEFORE CONGRESSIONAL SUB-COMMITTEE ON ECONOMIC GROWTH. IN LATTER TESTIMONY EBERLE WAS ARGUING FOR AUTHORITY IN TRADE BILL TO PERMIT NEGOTIATION IN MTN OF AGREED INTERNATIONAL RULES FOR USE OF EXPORT CONTROLS. STORY, HEADLINED "PRICE-GOUGING CARTELS FACE U.S. ACTION", ADOPTS SENSATIONAL STYLE AND LENDS ITSELF TO MISINTERPRETATION OF MISINTERPRETATION OF AMBASSADOR EBERLE'S INTENTION AND ACTUAL WORDS. FOLLOWING SHOULD BE USED AS GUIDANCE FOR ADDRESSEE POSTS SHOULD THEY RECEIVE COMMENTS OR QUERIES REGARDING STAR-NEWS STORY OR ANY OTHERS BASED THEREON:

2. RESPONDING TO QUESTIONS, EBERLE SOUGHT FOCUS ATTENTION ON DANGEROUSLY DISRUPTIVE AND SELF-DEFEATING NATURE OF RECURRING AND HIGHLY PUBLICIZED EFFORTS VARIOUS GROUPS OF PRIMARY COMMODITY PRODUCING NATIONS (MAINLY LDCS) TO ORGANIZE CARTELS OR CARTEL-LIKE ASSOCIATIONS TO MANIPULATE AND RAISE THEIR COMMODITY PRICES BY CUR-

TAILING THE FREE FLOW OF SUPPLIES TO THE MARKET. WHILE CITING BAUXITE AS A PRIME EXAMPLE, HE WAS SPEAKING MORE GENERALLY AND REFERRING EQUALLY TO SUCH COMMODITIES AS COPPER, IRON ORE, MERCURY, COFFEE AND SUGAR WHICH HAVE BEEN REPORTEDLY SUBJECTS OF PRODUCER-GROUP CONSIDERATION FOR SUPPLY RESTRAINT FOR PRICE-RAISING OBJECTIVES.

3. EBERLE POINTED OUT THAT IRRESPONSIBLE PRODUCER ACTIONS TO RAISE PRICES EXHORBITANTLY WILL FORCE CONSUMERS TO SEEK AND DEVELOP ALTERNATIVE DOMESTIC SUPPLIES WHERE POSSIBLE. IF THAT HAPPENS THE MARKET FOR FOREIGN SUPPLIERS WILL

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SHRINK AND ANY EFFORTS BY THEM TO RECOUP BY CUTTING PRICES WILL MOST LIKELY EVOKE PROTECTIONIST MEASURES BY THE CONSUMING COUNTRIES TO PROTECT NEWLY ESTABLISHED OR EXPANDED DOMESTIC SUPPLIERS AND THE HEAVY INVESTMENTS INVOLVED.

4. EBERLE EMPHASIZED U.S. POLICY OBJECTIVES OF REDUCING OR ELIMINATING TRADE BARRIERS FOR THE MUTUAL BENEFITS

TO BE ENJOYED BY PRODUCERS AND CONSUMERS ALIKE THROUGH THE FREEST POSSIBLE WORLD TRADE. BUT AT THE SAME TIME HE NOTED THAT THE U.S. COULD NOT PASSIVELY ACQUIESCE TO ARTIFICIAL SUPPLY RESTRAINTS IMPOSED BY COMMODITY PRODUCERS TO SQUEEZE CONSUMERS. IN THIS RESPECT HE POINTED OUT SOME OF THE OBVIOUS TYPES OF PROTECTIVE OR DEFENSIVE MEASURES WHICH MIGHT BE CALLED FOR OR RESORTED TO IF NECESSARY. HE NOTED THE TRADE BILL AMENDMENTS PROPOSED IN THE SENATE WHICH WOULD DENY THE BENEFITS OF SPECIAL PREFERENCES TO COUNTRIES PARTICIPATING IN ARRANGEMENTS TO CUT OFF OR CURTAIL SUPPLIES OF ESSENTIAL MATERIALS TO THE U.S. OR DISRUPTIVELY RAISE PRICES TO UNREASONABLE LEVELS.

5. IN HIS TESTIMONY BEFORE CONGRESSIONAL SUB-COMMITTEE EBERLE EMPHASIZED THAT IN THE MTNS, THE U.S. WILL ENDEAVOR TO PROMOTE INTERNATIONAL AGREEMENT ON A SET OF RULES OR GUIDELINES GOVERNING REASONABLE ACCESS TO RAW MATERIALS AND OTHER COMMODITIES WHICH WOULD ALSO INCLUDE AGREED SANCTIONS AGAINST COUNTRIES FAILING TO COMPLY WITH THOSE RULES. SUCH SANCTIONS COULD INCLUDE RESTRICTION OF ACCESS TO U.S. MARKET FOR COUNTRIES FAILING TO COMPLY WITH AGREED GUIDELINES.

6. THOUGH THE STAR-NEWS ARTICLE MADE EBERLE'S COMMENTS SOULD LIKE DIRE THREATS, HIS REMARKS AMOUNT IN REALITY TO

REAFFIRMATION OF U.S. AIMS TO LIBERALIZE WORLD TRADE AND INCLUDE A FORCEFUL REVIEW OF SOME BASIC POLITICAL-ECONOMIC FACTS OF LIFE RATHER THAN ANY DRAMATICALLY NEW SHIFT OF U.S. POLICY TO CONFRONT DEVELOPING-COUNTRY COMMODITY PRODUCING NATIONS WHICH ESCHEW IRRESPONSIBLE SUPPLY-PRICE MANIPULATING VENTURES. INGERSOLL
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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, TRADE CONTROLS, FOREIGN POLICY POSITION, US CONGRESSIONAL PRESENTATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE263405
Document Source: CORE
Document Unique ID: 00
Drafter: JJINGERSOLL:DA
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740347-0391
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974112/aaaaabcl.tel
Line Count: 154
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: KINGSTON 4252 (NOTAL)
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 27 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 JUN 2002 by boyleja>; APPROVED <26 DEC 2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EBERLE INTERVIEW IN WASHINGTON STAR-NEWS
TAGS: ETRD, ECON, JM, US, WASHINGTON STAR NEWS, (EBERLE, WILLIAM D)
To: ARA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005